

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

| | | | |
|---|--|---------------------------|--------------------|
| Unit Name* Township of Greenbush | County* CLINTON | Type* TOWNSHIP | MuniCode* 19-1-090 |
| Opinion Date-Use Calendar* Sep 30, 2008 | Audit Submitted-Use Calendar* Sep 30, 2008 | Fiscal Year End Month* 03 | Fiscal Year* 2008 |

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

| | |
|---------------------------------------|--|
| <input checked="" type="checkbox"/> ? | 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements? |
| <input checked="" type="checkbox"/> ? | 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets? |
| <input checked="" type="checkbox"/> ? | 3. Were the local unit's actual expenditures within the amounts authorized in the budget? |
| <input checked="" type="checkbox"/> ? | 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury? |
| <input checked="" type="checkbox"/> ? | 5. Did the local unit adopt a budget for all required funds? |
| <input checked="" type="checkbox"/> ? | 6. Was a public hearing on the budget held in accordance with State statute? |
| <input checked="" type="checkbox"/> ? | 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division? |
| <input checked="" type="checkbox"/> ? | 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act? |
| <input checked="" type="checkbox"/> ? | 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy? |
| <input checked="" type="checkbox"/> ? | 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.) |
| <input checked="" type="checkbox"/> ? | 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.) |
| <input checked="" type="checkbox"/> ? | 12. Is the local unit free of repeated reported deficiencies from previous years? |
| <input checked="" type="checkbox"/> ? | 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA |
| <input checked="" type="checkbox"/> ? | 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)? |
| <input checked="" type="checkbox"/> ? | 16. Has the board or council approved all disbursements prior to payment as required by charter or statute? |
| <input checked="" type="checkbox"/> ? | 17. To your knowledge, were the bank reconciliations that were reviewed performed timely? |
| <input checked="" type="checkbox"/> ? | 18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report? |

| | |
|----------------------------|--|
| General Fund Revenue: | <input type="checkbox"/> ? \$ 245,584.00 |
| General Fund Expenditure: | <input type="checkbox"/> ? \$ 275,490.00 |
| Major Fund Deficit Amount: | \$ 0.00 |

| | |
|--|--|
| General Fund Balance: | <input type="checkbox"/> ? \$ 114,381.00 |
| Governmental Activities Long-Term Debt (see instructions): | <input type="checkbox"/> ? |

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

| | | | | |
|--|--|--------------------------------------|-------------------|------------------------------|
| CPA (First Name)* Vickie | Last Name* Crouch | Ten Digit License Number* 1101013436 | | |
| CPA Street Address* 1000 Coolidge Road | City* East Lansing | State* MI | Zip Code* 48823 | Telephone* +1 (517) 332-1900 |
| CPA Firm Name* Layton and Richardson, P.C. | Unit's Street Address* 1883 W. French Road | Unit's City* St. Johns | Unit's Zip* 48879 | |

TOWNSHIP OF GREENBUSH, MICHIGAN
CLINTON COUNTY, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
AND
INDEPENDENT AUDITORS' REPORT

TOWNSHIP OF GREENBUSH, MICHIGAN
TOWNSHIP BOARD

2007-2008

| | |
|-------------------|------------|
| Gary Hyde | Supervisor |
| Betty Pettigrew | Clerk |
| Michael Schneider | Treasurer |
| William Dershem | Trustee |
| Dan Jorae | Trustee |

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Township Board
Township of Greenbush
Clinton County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Greenbush as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Township of Greenbush. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Greenbush as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statement but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Greenbush's financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Layton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
September 30, 2008

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MANAGEMENT'S DISCUSSION LETTER

As management for the Township of Greenbush, we offer readers of the Township of Greenbush financial statement and this overview of the financial activities of the Township of Greenbush for the fiscal year ended March 31, 2008.

All Funds indicated herein show our current balances as of March 31, 2008.

Financial Highlights

- Total revenues for governmental activities totaled \$245,584.
- Total expenditures for governmental activities totaled \$275,490.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Township of Greenbush's basic financial statements. The Township of Greenbush basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on the Township of Greenbush's assets and liabilities, with the difference between the two reported as net assets.

The statement of revenue, expenditures, and changes present the Township's activities and changes during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in the future fiscal year.

Both the government-wide financial statements distinguish functions of the Township of Greenbush that are principally supported by taxes and intergovernmental revenues. The governmental activities of the Township of Greenbush include legislative, general government, public safety, public works, and cultural.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township of Greenbush, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township of Greenbush are governmental funds.

MANAGEMENT'S DISCUSSION LETTER - Continued

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statement. However, unlike the government-wide financial statement, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources.

The Township of Greenbush Authority adopts an annual budget each fiscal year that is also approved by the Township Board. During the reported fiscal year, no amendments were made to the annual budget.

Overview of Governmental Funds

The following overview of the Governmental Funds for the Township of Greenbush is a condensed financial overview of the assets, capital assets, revenues, and expenditures of the reported fiscal year.

TOWNSHIP OF GREENBUSH FINANCIAL INFORMATION

| <u>Category</u> | <u>2008</u> |
|--|-------------|
| Assets | \$ 116,874 |
| Capital Assets | 9,588 |
| TOTAL ASSETS | 126,462 |
| Liabilities | |
| Accounts payable | 2,493 |
| \$ invested in capital assets, net of related debt | 9,588 |
| Unrestricted Assets | 114,381 |
| PROGRAM REVENUES | |
| State shared revenue | 144,614 |
| Charges for services | 2,681 |
| GENERAL REVENUES | |
| Taxes | 73,142 |
| Administrative fee | 17,953 |
| Interest | 740 |
| Fire donations | 975 |
| Miscellaneous | 5,479 |
| TOTAL REVENUES | 98,289 |
| EXPENSES | |
| Legislative | 2,800 |
| General Services | 93,576 |
| Public Safety | 113,598 |
| Public Works | 60,740 |
| Health and welfare | 5,673 |
| Library and culture | 2,115 |
| TOTAL EXPENSES | 278,502 |
| CHANGE IN NET ASSETS | (32,918) |
| PRIOR PERIOD ADJUSTMENT | 12,600 |
| ENDING NET ASSETS | 123,969 |

MANAGEMENT'S DISCUSSION LETTER - Concluded

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in this report. The Notes to Financial Statements can be found on pages 13-18 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Township of Greenbush's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to The Office of the Treasurer, 7274 N. Scott Rd., St. Johns, MI 48879.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide information of the governmental activities, business-type activities, aggregate totals of discretely presented component units, major funds and the aggregate remaining funds, which collectively comprise the activities of the Township of Greenbush.

TOWNSHIP OF GREENBUSH, MICHIGAN
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET
MARCH 31, 2008

| | GOVERNMENTAL FUNDS | ADJUSTMENTS | STATEMENT OF NET ASSETS |
|--|-----------------------|-----------------|-------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 88,706 | \$ | \$ 88,706 |
| Due from state | 22,724 | | 22,724 |
| Due from other funds | 437 | | 437 |
| Taxes receivable | 5,007 | | 5,007 |
| Fixed assets | | 9,588 | 9,588 |
| TOTAL ASSETS | <u>\$ 116,874</u> | <u>\$ 9,588</u> | <u>\$ 126,462</u> |
| LIABILITIES | | | |
| Accounts payable | <u>\$ 2,493</u> | <u>\$</u> | <u>\$ 2,493</u> |
| EQUITY AND OTHER CREDITS | | | |
| Fund balance | <u>114,381</u> | <u>9,588</u> | <u>123,969</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$ 116,874</u> | <u>\$ 9,588</u> | <u>\$ 126,462</u> |

See accompanying notes to financial statements.

TOWNSHIP OF GREENBUSH, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
MARCH 31, 2008

| | |
|---|--------------------------|
| Total fund balances - governmental funds | \$ 114,381 |
| Amounts reported for governmental activities in the statement of net assets are different because capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$66,222 and the accumulated depreciation is \$56,634. | <u>9,588</u> |
| Total net assets - governmental activities | <u><u>\$ 123,969</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF GREENBUSH, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN IN FUND BALANCE/NET ASSETS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

| | GOVERNMENTAL FUNDS | ADJUSTMENTS | STATEMENT OF NET ASSETS |
|---|--------------------------|------------------------|-------------------------------|
| EXPENDITURES | | | |
| Legislative | \$ 2,800 | \$ | \$ 2,800 |
| General services | 90,564 | 3,012 | 93,576 |
| Public safety | 113,598 | | 113,598 |
| Public works | 60,740 | | 60,740 |
| Health and welfare | 5,673 | | 5,673 |
| Library and culture | 2,115 | | 2,115 |
| TOTAL EXPENDITURES | <u>275,490</u> | <u>3,012</u> | <u>278,502</u> |
| PROGRAM REVENUES | | | |
| State shared revenue | 144,614 | | 144,614 |
| Charges for services | 2,681 | | 2,681 |
| | <u>147,295</u> | | <u>147,295</u> |
| Net program expense | <u>(128,195)</u> | <u>(3,012)</u> | <u>(131,207)</u> |
| GENERAL REVENUES | | | |
| Property tax levy | 73,142 | | 73,142 |
| Administrative fee | 17,953 | | 17,953 |
| Interest earnings | 740 | | 740 |
| Fire donations | 975 | | 975 |
| Miscellaneous and other income | 5,479 | | 5,479 |
| TOTAL REVENUES | <u>98,289</u> | | <u>98,289</u> |
| CHANGES IN FUND BALANCE/NET ASSETS | (29,906) | (3,012) | (32,918) |
| PRIOR PERIOD ADJUSTMENT | | 12,600 | 12,600 |
| FUND BALANCE/NET ASSETS, APRIL 1 | <u>144,287</u> | | <u>144,287</u> |
| FUND BALANCE/NET ASSETS, MARCH 31 | <u><u>\$ 114,381</u></u> | <u><u>\$ 9,588</u></u> | <u><u>\$ 123,969</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF GREENBUSH, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
MARCH 31, 2008

| | |
|---|---------------------------|
| Net changes in fund balances - total governmental funds | \$ (29,906) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. | |
| However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. | |
| Expenditures for capital assets | 427 |
| Less: current year depreciation | <u>(3,439)</u> |
| Change in net assets of governmental activities | \$ <u><u>(32,918)</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF GREENBUSH, MICHIGAN
COMBINING BALANCE SHEET
FUDUCIARY FUNDS - CURRENT TAX
MARCH 31, 2008

ASSETS

Cash and cash equivalents

\$ 437

LIABILITIES

Due to other funds

\$ 437

See accompanying notes to financial statements.

TOWNSHIP OF GREENBUSH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township operates under an elected Township Board, which consists of five members. The Township provides general government operations.

A. Reporting Entity

All funds and account groups under direct control of the Township are included in this report. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the Township's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Township of Greenbush and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township of Greenbush.

The Township of Greenbush reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township of Greenbush has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Township has no proprietary funds.

When both restricted and unrestricted resources are available for use, it is the Township of Greenbush's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township of Greenbush as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

| ASSET CLASS | DEPRECIABLE LIFE |
|-------------|------------------|
| Land | n/a |
| Buildings | 10-40 years |
| Equipment | 5-20 years |

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Concluded**

E. Cash and Investments

The Township's cash is considered to be cash on hand, demand deposits, and non-negotiable certificates of deposit with an original maturity of 3 months or less.

All investments are stated at cost or amortized cost.

F. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31, the Township holds a special meeting to develop the budget for the General Fund for the following fiscal year. Public hearings are conducted to obtain taxpayer comments before the budget is formally adopted.
2. Any revision to the budget must be approved by the Township Board.
3. Budgeted amounts are as originally adopted or amended by the Township Board during the year. Individual amendments were not material in relation to the original appropriations which were amended.
4. All annual appropriations lapse at year end.

G. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Property Tax Revenue

Properties are assessed as of December 31, and the related taxes become a lien on July 1 of the following year. These taxes are due on August 31, with a final collection date of February 28 before they are returned to the County as delinquent.

NOTE 2: **CASH AND INVESTMENTS**

The captions on the combined balance sheet relating to cash and investments are as follows:

| | |
|---------------------------|------------------|
| Cash and cash equivalents | \$ <u>88,706</u> |
|---------------------------|------------------|

A summary by type are:

| | |
|--|------------------|
| Deposits | |
| Cash in checking accounts/ money market | \$ <u>88,706</u> |

Deposits

At March 31, 2008, the banks were carrying a cash balance of \$97,851- not including any pooled investment funds.

General Fund deposits were insured up to \$97,851, leaving a balance of \$0 uninsured.

NOTE 3: **CAPITAL ASSETS**

A summary of changes in governmental capital assets including internal service fund assets are as follows:

| | APRIL 1, 2007 | ADDITIONS | DELETIONS | MARCH 31, 2008 |
|---|------------------|---------------------|----------------------|-------------------|
| Capital Assets Being Depreciated | | | | |
| Land and buildings | \$ 24,275 | \$ | \$ | \$ 24,275 |
| Equipment | <u>41,520</u> | <u>427</u> | <u> </u> | <u>41,947</u> |
| Total Capital Assets Being Depreciated | <u>65,795</u> | <u>427</u> | <u> </u> | <u>66,222</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings | 19,419 | 774 | | 20,193 |
| Equipment | <u>33,776</u> | <u>2,665</u> | <u> </u> | <u>36,441</u> |
| Total Accumulated Depreciation | <u>53,195</u> | <u>3,439</u> | <u> </u> | <u>56,634</u> |
| NET CAPITAL ASSETS | \$ <u>12,600</u> | \$ (<u>3,012</u>) | \$ <u> </u> | \$ <u>9,588</u> |

NOTE 4: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS

P.A. 621 of 1978 provides that local units of government shall not incur expenditures in excess of the amounts appropriated in the formal budget document adopted by the Township Board. P.A. 493 of 2003 removed debt service funds as funds requiring a budget. During the year ended March 31, 2008, Greenbush Township did not incur expenditures in excess of appropriations.

NOTE 5: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Township to purchase commercial insurance for most risks of loss to which it is exposed.

NOTE 6: PRIOR PERIOD ADJUSTMENT

The Township adopted GASB Statement 34 on April 1, 2005. GASB Statement 34 requires capital assets and accumulated depreciation to be included on the government-wide statements. The prior period adjustment represents the prior cost of capital assets of \$65,795 less accumulated depreciation of \$53,198.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF GREENBUSH, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008

| | <u>BUDGETED AMOUNTS</u> | | | <u>VARIANCE</u> |
|---|-------------------------|------------------|-------------------|----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | <u>FAVORABLE</u> |
| | | | | <u>(UNFAVORABLE)</u> |
| REVENUES | | | | |
| Property tax levy | \$ 69,600 | \$ 69,600 | \$ 73,142 | \$ 3,542 |
| Administrative fee | 15,000 | 15,000 | 17,953 | 2,953 |
| State grants | 146,000 | 146,000 | 144,614 | (1,386) |
| Charges for services | 2,200 | 2,200 | 2,681 | 481 |
| Interest earnings | 1,200 | 1,200 | 740 | (460) |
| Fire donations | 9,000 | 9,000 | 975 | (8,025) |
| Miscellaneous and other income | 3,000 | 3,000 | 5,479 | 2,479 |
| TOTAL REVENUES | <u>246,000</u> | <u>246,000</u> | <u>245,584</u> | <u>(416)</u> |
| EXPENDITURES | | | | |
| Legislative | 3,000 | 3,000 | 2,800 | 200 |
| General services | 92,316 | 92,977 | 90,564 | 2,413 |
| Public safety | 121,787 | 121,787 | 113,598 | 8,189 |
| Public works | 82,500 | 82,500 | 60,740 | 21,760 |
| Health and welfare | 6,100 | 6,185 | 5,673 | 512 |
| Library and culture | 2,115 | 2,115 | 2,115 | |
| TOTAL EXPENDITURES | <u>307,818</u> | <u>308,564</u> | <u>275,490</u> | <u>33,074</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (61,818) | (62,564) | (29,906) | 32,658 |
| FUND BALANCE, APRIL 1 | <u>144,287</u> | <u>144,287</u> | <u>144,287</u> | |
| FUND BALANCE, MARCH 31 | <u>\$ 82,469</u> | <u>\$ 81,723</u> | <u>\$ 114,381</u> | <u>\$ 32,658</u> |

SUPPLEMENTARY INFORMATION

TOWNSHIP OF GREENBUSH, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008

| | GENERAL FUND | | |
|--------------------------------|----------------|----------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES | | | |
| Property tax levy | \$ 69,600 | \$ 73,142 | \$ 3,542 |
| Administrative fee | 15,000 | 17,953 | 2,953 |
| State grants | 146,000 | 144,614 | (1,386) |
| Charges for services | 2,200 | 2,681 | 481 |
| Interest earnings | 1,200 | 740 | (460) |
| Fire donations | 9,000 | 975 | (8,025) |
| Miscellaneous and other income | 3,000 | 5,479 | 2,479 |
| TOTAL REVENUES | <u>246,000</u> | <u>245,584</u> | <u>(416)</u> |
| EXPENDITURES | | | |
| Legislative | | | |
| Township Board | <u>3,000</u> | <u>2,800</u> | <u>200</u> |
| General Services | | | |
| Supervisor | 16,038 | 14,959 | 1,079 |
| Elections | 1,800 | 1,122 | 678 |
| Legal | 500 | 362 | 138 |
| Clerk | 16,197 | 15,918 | 279 |
| Board of review | 500 | 269 | 231 |
| Assessor | 14,212 | 14,056 | 156 |
| Treasurer | 16,497 | 15,344 | 1,153 |
| Cemetery | 5,700 | 5,500 | 200 |
| Hall and grounds | 15,000 | 12,722 | 2,278 |
| Deputies | 2,939 | 2,939 | |
| Payroll taxes | 3,823 | 3,802 | 21 |
| Audit | 500 | 175 | 325 |
| Insurance | 5,000 | 3,396 | 1,604 |
| Contingency | 2,570 | | 2,570 |
| Total General Services | <u>101,276</u> | <u>90,564</u> | <u>10,712</u> |
| Public Safety | | | |
| Police | 3,500 | 3,500 | |
| Fire | 113,000 | 110,098 | 2,902 |
| Total Public Safety | <u>116,500</u> | <u>113,598</u> | <u>2,902</u> |
| Public Works | | | |
| Drain at large | 9,000 | 7,211 | 1,789 |
| Refuse disposal | 1,000 | | 1,000 |
| Highways and streets | 70,000 | 53,529 | 16,471 |
| Total Public Works | <u>80,000</u> | <u>60,740</u> | <u>19,260</u> |

TOWNSHIP OF GREENBUSH, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - Concluded
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008

| | GENERAL FUND | | |
|--|------------------|-------------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| EXPENDITURES - Concluded | | | |
| Health and Welfare | | | |
| Ambulance | \$ 5,288 | \$ 5,288 | \$ |
| Meals on wheels | 385 | 385 | |
| Total Health and Welfare | <u>5,673</u> | <u>5,673</u> | |
| Library and Culture | | | |
| Library | <u>2,115</u> | <u>2,115</u> | |
| TOTAL EXPENDITURES | <u>308,564</u> | <u>275,490</u> | <u>33,074</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (62,564) | (29,906) | 32,658 |
| FUND BALANCE, APRIL 1 | <u>144,287</u> | <u>144,287</u> | |
| FUND BALANCE, MARCH 31 | <u>\$ 81,723</u> | <u>\$ 114,381</u> | <u>\$ 32,658</u> |



Layton & Richardson, P.C.

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS

To the Township Board
Township of Greenbush
Clinton County, Michigan

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We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Greenbush as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated September 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Greenbush's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control over financial reporting, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

We consider the following deficiencies to be significant deficiencies in internal control over financial reporting:

Findings:

2008-1 – It is a requirement of GAAP that all entities have on staff at least one individual that can prepare their financial statements and notes to financial statements. The Township has decided it is more cost effective to outsource the preparation of its annual financial statements to the auditors rather than incur the time and expense of obtaining the necessary training and expertise required to prepare them internally. They are not in accordance with principles generally accepted in the United States.

2008-2 – Auditor adjustments (which were approved and posted by management) in amounts material to the financial statements were necessary to correctly state the Township's general ledger to the appropriate balances. These included the recording of all accounts payable and accounts receivable.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the deficiency identified above as 2008-1 to be a material weakness in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed the following instance of noncompliance.

Findings:

2008-3 – During the course of our audit, we noted instances where expenditures were incurred in excess of amounts appropriated. This issue was noted in the General Fund. Michigan Public Act 621 of 1978, as amended, provides that the Board shall adopt formal budgets for the General and all Special Revenue funds and shall not incur expenditures in excess of the amounts appropriated. The budget must include all anticipated expenditures and the related revenue and fund equity to fund these expenditures. We recommend the Township Board monitor adopted budgets against actual expenditures and make adjustments as appropriate throughout the year.

This communication is intended solely for the information and use of management, the Township Board and others within the Township, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

September 30, 2008
East Lansing, Michigan



Layton & Richardson, P.C.

Certified Public Accountants

AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

Township Board
Township of Greenbush
Clinton County, Michigan

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David Layton, CPA
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We have audited the general purpose financial statements of the Township of Greenbush for the year ended March 31, 2008, and have issued our report on those statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of the Township of Greenbush. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of the Township of Greenbush is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation of the internal accounting control system would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Township of Greenbush.

PRIOR YEAR RECOMMENDATIONS

ACCOUNTING SYSTEM

Our analysis of the Township of Greenbush's current accounting system indicated that it was inadequate for the current needs of the Township. There are numerous off-the-shelf computer accounting packages that are far more efficient and easier to use. We feel that a new accounting system would benefit the Township of Greenbush in two specific ways. First, it would increase the Township's ability to efficiently and effectively record daily transactions. Second, it would provide management with complete and accurate financial information on a timelier basis. We strongly suggest that this investment will be very worthwhile and beneficial over the years.

PRIOR YEAR RECOMMENDATIONS - Concluded

FILING SYSTEM AND RETENTION RECORDS

Our audit testing procedures disclosed that for a number of the months the bank statements were missing and never located. Missing accounting records such as these, while typically indicative of general disorganization, can be a flag of much more severe issue such as potential fraud or other such abuse. A significant effort should be undertaken to ensure that all bank statements and other accounting documents are located, properly filed and retained. The Township should be sure a system is in place for retaining and storing this information. **This recommendation has been implemented.**

CURRENT YEAR RECOMMENDATIONS

ACCOUNTING POLICIES

As part of our audit procedures, we are now required to obtain an understanding of internal control of the Township. Part of the internal control process is the communication of information, including the communication of how internal controls are designed and operating. During our audit planning procedures, we noted that documentation of internal control policies and procedures was incomplete. We recommend that the Township completely document and disseminate all internal control policies and procedures in one document. This ensures that all employees understand what their responsibilities in internal control are. In addition, it ensures continuity of internal control procedures in the unfortunate event of employee turnover or unexpected absence. Documentation should not only indicate the flow of documents, but also what internal control procedures are performed by each employee and what documentation is required to indicate a procedure was completed. The monitoring process should also be documented in the procedures manual, including who is responsible for monitoring, the minimum monitoring which must be done, and what documentation is required to indicate monitoring was performed.

We are grateful to the Township employees for the assistance and cooperation we received during the audit and we thank them.

Layton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
September 30, 2008